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Brewer Gold Mine:
11.9 v 2

MADELAINE R. BERG
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November 2, 1999

BY FEDEX AND FACSIMILE (LETTER ONLY)

Ms. Alyse Hakami
Associate Regional Counsel
Environmental Accountability Division
U.S. Environmental Protection Agency, Region 4
Atlanta Federal Center
61 Forsyth Street
Atlanta, GA 30303

Re: **Request for Information**
Brewer Gold Company, Jefferson, South Carolina

10221566



Dear Ms. Hakami:

On behalf of this firm's client, Costain America, Inc., I am submitting this response to your Request for Information, dated October 5, 1999, regarding the Brewer Gold Company. By agreement of the parties, the time for Costain America, Inc. to respond to the Request was extended until November 3, 1999. As I have previously advised you, we do not represent Costain Group PLC ("Costain Group") and, while we have attempted to provide complete information in response to your inquires, certain documents to which we do not have access may be in the possession of Costain Group. Accordingly, although your definition of "Respondent" included the Costain Group, we are not prepared, nor are we authorized, to respond on its behalf.

Inquiries regarding Costain Group PLC should be directed to Clive Franks, Costain Group PLC, Costain House, Nicholsons Walk, Maidenhead, Berkshire SL6 1L, England.

RESPONSES

1. Madelaine R. Berg, Esq. is answering the Questions on behalf of Respondent based upon information provided by Respondent.

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2. Persons consulted in the preparation of each Response will be identified by name in that Response. Further information regarding such persons is contained in Appendix A.
3. Documents responsive to each Question will be provided.
4. *Costain USA, Inc.* ("Costain USA") is a holding company which is a wholly-owned subsidiary of Costain Group PLC. It was incorporated in the State of Delaware on January 6, 1987. The officers and directors are:

President	J.R. Campbell
Vice President	None
Secretary	Bernard G. Long
Treasurer	Bernard G. Long
Directors	J.R. Campbell Bernard G. Long

Costain America, Inc. ("Costain America") is a holding company which is a wholly-owned subsidiary of Costain USA. It was incorporated in the State of Delaware on December 26, 1991. The officers and directors are:

President	J.R. Campbell
Vice President	None
Secretary	Bernard G. Long
Treasurer	Bernard G. Long
Directors	J.R. Campbell Bernard G. Long

Costain Minerals, Inc. ("Costain Minerals") is a holding company which is a wholly-owned subsidiary of Costain America. It was incorporated in the State of Delaware on May 7, 1986. The officers and directors are:

President	Bernard G. Long
Vice President	None
Secretary	R.K.J. Bruce
Treasurer	J.R. Campbell
Directors	J.R. Campbell Bernard G. Long

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Brewer Gold Company ("Brewer Gold") is a mining company which is a wholly-owned subsidiary of Costain Minerals. It was incorporated in the State of Delaware on June 3, 1987. The officers and directors are:

President	Bernard G. Long
Vice President	None
Secretary	R.K.J. Bruce
Treasurer	J.R. Campbell
Directors	Bernard G. Long R.K.J. Bruce

Costain Group and *Costain PLC* presumably refer to the same entity, Costain Group PLC ("Costain Group"). Costain Group is a U.K. entity. The address of Costain Group is Costain House, Nicholsons Walk, Maidenhead, Berkshire SL6 1L, England.

Westmont Mining, Inc. ("Westmont Mining") was, at one time, a wholly-owned subsidiary of Costain Holdings, Inc., which was a subsidiary of Costain USA. Costain Holdings, Inc. was merged into Costain Coal Holdings, Inc. which was then renamed Costain Coal, Inc. in December 1991. Westmont Mining, Inc. incorporated Brewer Gold Company in June 1987. The shares of Brewer Gold were dividended to Costain Minerals on August 12, 1991. On August 16, 1991, Westmont Mining (minus Brewer Gold) was sold to Cambior USA, Inc., an unrelated entity. It is believed that the current address for Cambior USA is: 8101 East Prentice Avenue, Suite 800, Englewood, CO 80111 [See also, response to Question 5(b)] [Source: *Forrest Jones*]

5. *a. Brewer's past mining operations at the Site.** Brewer Gold began mining an existing open pit gold mine in mid-1987 using conventional open pit mining methods consisting of drilling and blasting, hydraulic shovel loading of ore, and Diesel truck hauling followed by crushing, grinding and stockpiling the ore on plastic lined heap leach pads. A weak cyanide solution (.02%) along with Portland cement was added to condition the heaps and to dissolve the microscopic gold contained in the ore. Gold was recovered in a carbon-in-leach process producing a dore, which was sent to refineries in California, Massachusetts and Ontario, Canada for purification and final sale. Waste rock, consisting of overburden and barren material, was mined in the same manner as the ore but was stockpiled in a separate location. Waste water was treated and reused in the process. Excess waste water was treated and discharged pursuant to an NPDES permit issued by the State of South Carolina. Spent heap leach piles were rinsed and eventually placed

* Italicized phrases are included for ease of reference only and do not purport to summarize the questions.

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back into the mined out pit. The Brewer Mine was shut down permanently on January 30, 1994. [Source: *Bernard Long*]

b. Brewer's acquisition of the Site; the entity from which Brewer acquired the Site. In September 1983, Nicor Mineral Ventures, Inc. ("Nicor") acquired an option to enter into a joint venture with Gold Resources, Inc. ("GRI"). GRI held a mining lease and option to purchase the Brewer Gold mine site. The option to enter into the joint venture was exercised by Nicor on October 28, 1983. The partnership was owned 85% by Nicor and 15% by GRI. Nicor was to furnish all funds to acquire the land, equipment and operating capital for the operation of the partnership. The land was purchased by Nicor from C.M. Tucker, Jr. and Dorothy H. Clark on April 8, 1985. In the fall of 1986, Costain Holdings (a now dissolved entity) acquired Nicor and, in March 1987, changed Nicor's name to Westmont Mining. In June 1987, Westmont Mining formed Brewer Gold Company, which was a wholly owned subsidiary of Westmont Mining and by agreement dated August 21, 1987, conveyed and assigned certain real property and assets (including the Site) to Brewer Gold. The shares of Brewer Gold were divided by Westmont Mining to Costain Minerals on August 12, 1991. On December 18, 1996, Brewer Gold purchased by quit claim deed all rights in the joint venture with GRI. Documents related to the joint venture with GRI and the acquisition of the Site are included in Exhibit A. [Source: *Bernard Long, Forrest Jones*]

6. Bernard Long, an officer, director and consultant to Costain America has knowledge of the mining operations and environmental compliance practices at the Site.

Five employees of Costain Group visited the Site between February 1994 and the present:

Allan Coulson, Head Internal Auditor, visited the site once for two days.
David Sharp, Senior Internal Auditor, visited the Site once for three days.
Martin Hunter, Controller, visited the Site once for one day.
Kenneth Bruce, Commercial Manager, visited the Site for one day on two different occasions.
A.W.J. Cook, General Manager, Geotechnical Division, visited the Site once for two days.

A.W.J. Cook and David Sharp submitted reports to Brewer after their visits. Copies of the reports that the employees of Costain Group wrote or received are included in Exhibit B.

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There were no formal meetings held with these individuals, only informal discussions and conversations. The auditors who visited the Site reviewed the financial records of Brewer Gold. Martin Hunter explained how Brewer Gold should request funding and deal with electronic transfer of funds.

Brewer Gold provides Costain Group with a monthly report of operations and a set of financial statements. Included in Exhibit B are the year end reports for each of the last four years and a year to date report through September 1999. The monthly operations reports are available only for the year 1999. [Source: Bernard Long]

7. *Current Employees:*

James McLain – Environmental Manager: responsible for the operation and maintenance of all physical assets, including the water treatment plant, mobile equipment, buildings, ponds and pumps, and piping. McLain balances the chemical and flow rates at the water treatment plant, and does quantitative and qualitative chemical analysis in Brewer Gold's certified lab. He oversees the monitor well sampling program and the NPDES and Storm Water Drainage programs. Workers under his supervision operate and maintain the water treatment plant, control erosion on the property and maintain the integrity of the cap overlying the backfilled pits. McLain also purchases all chemicals, and other items needed to service and maintain the operations. He is licensed by the State to operate the water treatment plant.

J. Hassie Jones – Manager of Accounting (Part-Time): responsible for securing funding on a weekly basis, for producing financial reports and for transmitting these reports to Costain Group. He obtains approval of expenditures in excess of \$1,000 from Bernard Long and writes checks to pay invoices, payroll, taxes and insurance. These checks are on Brewer Gold's company account.

Herbert Hornsby, Jr. – Mechanic: does all welding and fabrication work, water treatment plant equipment repairs, plumbing, engine and heavy mobile equipment repair, erosion control work, mowing, seeding, mulching, etc.

Douglas Grindstaff – Heavy Equipment Operator/Mechanic: operates bulldozer, front-end loader, backhoe, trucks and the road grader, maintains access to and in and around the Site. Prevents and repairs surface erosion. Assists mechanic on all heavy equipment repairs, plumbing, piping and water treatment plant maintenance.

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Randy Stone – Operator Assistant: operates the water treatment plant under the direct supervision of James McLain. Maintenance helper, maintains grounds and the vegetative cover over the cap covering the backfilled pits. Maintenance helper on all major repairs to the water treatment plant and to heavy mobile equipment.

The above-named individuals were hired in 1987-88 by Brewer Gold's former Personnel Manager, Joseph A. McCallum. McCallum left Brewer Gold in 1997. All of these employees are paid by Brewer Gold.

J. Hassie Jones and James McLain report to Bernard Long, president of Brewer Gold, who is an independent consultant retained by Costain America. The other employees receive their instructions from James McClain.

Day-to-day operational issues are reported to James McLain, who decides the appropriate course of action. Emergency situations are reported by James McClain to Bernard Long. [Source: Bernard Long]

8.
 - a. *The operation of the water treatment plant.* See Exhibit C. The water treatment facility is not treating waste water; it is treating ground water which has been contaminated by naturally occurring sulfide rocks that were exposed to oxygen during the mining operation. The water treatment plant is normally operated eight hours a day, but is sometimes operated for 16 hours a day, depending upon water balance. The cost of operating the water treatment plant averages \$35,000 per month. This figure includes electricity, labor, chemicals, parts and supplies, but does not include administrative costs, taxes or insurance. The plant uses 112 tons of lime (CaO) per year, at a cost of \$134/ton, and 490 tons of magnesium oxide (MgO) per year, at a cost of \$268/ton. The lime is purchased from Global Stone Tenn Luttrell Company, 486 Clinch Valley Road, Luttrell, TN 37779. Magnesium oxide is purchased from Baymag, 800, 10655 Southport Road SW, Calgary, Alberta, Canada, T2W 4Y1. [Source: Bernard Long]
 - b. *Persons involved in the operation of the water treatment plant.* The water treatment plant is operated under the direction and supervision of James McLain, Brewer Gold's Environmental Manager. In addition, three hourly employees of Brewer Gold, Herbert Hornsby, Douglas Grindstaff and Randy Stone operate and maintain the plant on day shift, Monday through Friday. Jim McLain also works the day shift and the second shift on those days when the plant is operated for 16 hours. McLain also checks on the pumps over the weekend, as the pumps are operated 24 hours per day, seven days per week. None of these employees are officers of any of the named entities. Major changes to the operation of the water treatment plant are overseen by Bernard Long, president of Brewer

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Gold. Mr. Long is an officer of Costain America and is a consultant to Costain America.
[Source: Bernard Long]

c. Financial provisions to maintain operations. J. Hassie Jones, as accounting manager of Brewer Gold, provides to Costain Group weekly projected cash requirements for Costain America, which includes the requirements for Brewer Gold. Funds are requested as a total amount, with no details provided as to the allocation of these funds. Bills, invoices and payroll information are not furnished to Costain Group and Costain Group does not approve any specific expenditures of that nature. A wire transfer is made weekly by Costain Group to Costain USA, Inc. J. Hassie Jones, an employee of Brewer Gold, is authorized to make repetitive wire transfers between inter-company bank accounts as a matter of convenience. By this means, funds are transferred from Costain USA to Costain America, and then to several subsidiaries of Costain America, including Costain Minerals, the parent of Brewer Gold. Funds are wired from Costain Minerals to Brewer Gold. Checks to pay bills, invoices and payroll are issued by Brewer Gold and are signed by any two of the following: J. Hassie Jones, Bernard Long or James McLain. Costain Group has never refused to provide necessary funds for Brewer to pay costs associated with the maintenance and operation of the water treatment plant. Costain Group has made no direct payments for the maintenance and operation of the water treatment plant. The cost to Brewer Gold for maintaining and operating the water treatment plant since mine closure in December 1993 is approximately as follows:

<u>1994</u>	<u>1995*</u>	<u>1996*</u>	<u>1997</u>	<u>1998</u>	<u>1999 (9 months)</u>
\$505,300	\$1,260,000	\$1,125,000	\$555,500	\$395,000	\$240,000

* During 1995 and 1996, water treatment included treatment of process pond water and both Brewer pit and B-6 pit water. Beginning in early 1997, only B-6 spring and sediment pond water is treated. These costs do not include administrative costs, insurance, taxes or communication costs. In addition, mine labor costs were not allocated to specific cost centers, including the water treatment cost center. [Source: Bernard Long, J. Hassie Jones]

d. The length of time that employees, officers and/or directors of Costain Group, Costain USA and/or Costain America have been involved in maintaining the water treatment plant. Bernard Long, secretary-treasurer, director and consultant to Costain America has been involved as a consultant since 1994, directing the design, construction and expansion of the plant, and planning the maintenance and operations of the plant. No other employee, officer or director of Costain Group, Costain USA or Costain America has been involved with the maintenance and operation of the water treatment plant.
[Source: Bernard Long, Forrest Jones]

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e. Copies of all documents evidencing involvement by Costain Group, Costain USA and/or Costain America in the operation of the water treatment plant. With the exception of Costain America, which has contracted with Bernard Long to perform consultant services for Brewer Gold and other Costain America subsidiaries, none of the named entities has any involvement with the operation of the water treatment plant. Costain Minerals wires money to Brewer Gold, which pays its own bills and invoices to maintain and operate the treatment plant. Copies of the wire transfers are included as Exhibit D. Note: copies of the wire transfers are only available from 1998 to the present. At various times previously, employees of either Westmont Mining, Westmont Gold, Costain Coal Company or Costain America initiated the transfer of funds to Brewer Gold. It is believed that copies of the earlier wire transfers were destroyed when the offices of Costain Coal Company were closed. [Source: Bernard Long, Forrest Jones]

f. Identify the person responsible for obtaining environmental permits for the operation of the water treatment plant. Since 1994, Bernard Long has been responsible for obtaining the permits. See Exhibit E for copies of these permits. Prior to that time, the individuals responsible for obtaining the permits included Alex Bissett, Jock MacGreagor, Michael Richings, William T. Lyman, William L. Rose, Robert C. Walish, Jr., Jerry J. Harrington, Ralph S. Mattson and Jae Stonehouse. The current location of these individuals is unknown. [Source: Bernard Long]

g. Will the operation of the water treatment plant continue if Costain Group ceases to provide financial support? No.

h. Identify all employees, officers and directors of Brewer, Costain Group, Costain America and/or Costain USA who would be involved in the decision to stop providing financial support for maintaining the operations of the water treatment plant. The decision would be made by employees, officers or directors of Costain Group. Respondent does not know which individuals would be involved in making this decision.

9. *Describe Costain Group's involvement with any other Brewer Gold financial and operational matters. As previously described, Costain Group has no direct involvement with any Brewer Gold financial or operational matters. The taxes, salaries and other expenditures of Brewer Gold are paid by Brewer Gold with funds which are transferred to it by Costain Minerals, Inc. [Source: Bernard Long]*

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10. *Describe efforts undertaken to investigate environmental contamination and perform reclamation activities at the Site.* Brewer Gold submits a Quarterly Progress Report for Closure to the South Carolina Department of Health and Environmental Control. In addition Brewer caused to be prepared the Brewer Gold Mine Site Closure Design Report, dated May 1995. Copies of these reports are included in Exhibit F. [Source: Bernard Long]
11. *Information regarding prior owners.* Gold has been mined from the Brewer Gold Site since the 1800's. As discussed in response to Question 5b, Brewer Gold acquired the Site in the late 1980's. Respondent has little information about the prior owners. References to prior owners appear in certain of the documents included in Exhibit A.
12. *Provide copies of all financial documents, including tax returns and financial statements; identify and value all assets owned by Brewer Gold.* Financial statements are included in Exhibit B. During the years 1994-98, Costain USA filed a consolidated federal tax return which included Brewer Gold. State returns were filed for Brewer Gold and included a pro forma federal return as a basis for filing the state returns. Copies of these state returns, including the pro forma federal returns for the years 1994-98 are included in Exhibit G. A list of Brewer Gold's assets, and their fair market value is attached as Exhibit H. [Source: Bernard Long, J. Hassie Jones, Forrest Jones]
13. *Persons with additional information.* The following former senior level employees of Brewer Gold, Costain America and Westmont Mining Company:

Brewer Gold Company
Jefferson, SC

Robert C. Walish, Jr.
William T. Lyman
William L. Rose
Jerry J. Harrington
Ralph S. Mattson
Jae Stonehouse

Costain America
Lexington, KY

Thomas H. Parker
John Hughes
Nicholas Kellagher
Bill Williams
Peter Hill
George Oberg

Westmont Mining Company
Denver, CO

Alex Bissett
Jock MacGreagor
Paul Taylor
Roger Smith

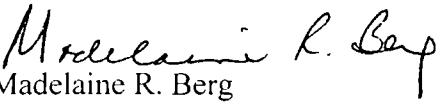
Upon information and belief, Nicholas Kellagher, the former Controller of Costain America, is now in the London office of Ernst & Young and Bill Williams, the former Vice President of Environmental Affairs for Costain America is with Kennecott in Salt

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Lake City, Utah. The location of the other individuals is unknown. [Source: *Bernard Long, Forrest Jones*]

14. *Responsive documents not in Costain's control.* Respondent is not aware of the specific identity of any other responsive documents. Some older documents may be in the offices of Lodestar Energy, Inc. (formerly Costain Coal, Inc.) in Lexington, KY. At Brewer Gold's request, Lodestar has undertaken a review of the offsite storage records to determine whether any responsive document exist. This response will be supplemented if responsive documents are found.

Sincerely,


Madelaine R. Berg

Enclosures

STROOCK & STROOCK & LAVAN LLP

Brewer Gold Company
November 2, 1999

APPENDIX A

Bernard Long
313 Vallarte Drive
Henderson, NV 89014

Herbert Hornsby, Jr.
4102 Damascus Church Road
Westville, SC 29715

James McLain
P.O. Box 596
Chesterfield, SC 29709

Douglas Grindstaff
P.O. Box 1818
Monroe, NC 28111

J. Hassie Jones
10 Hamden Circle
Cheraw, SC 29560

David Randy Stone
1515 Willis Drive
Hartsville, SC 29550

The business address for all the above is:

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